

Message Text

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ACTION MC-02

INFO OCT-01 EUR-12 NEA-10 ISO-00 PM-04 NSC-05 SP-02 SS-15
CIAE-00 DODE-00 INR-07 NSAE-00 PA-01 PRS-01 NSCE-00
SSO-00 USIE-00 INRE-00 ACDA-07 TRSE-00 /067 W
-----301215Z 031060 /14

O R 301220Z DEC 76
FM AMEMBASSY PARIS
TO SECSTATE WASHDC IMMEDIATE 8356
INFO AMEMBASSY BERN
AMEMBASSY LISBON
AMEMBASSY TRIPOLI
AMEMBASSY MADRID
AMEMBASSY BRUSSELS
USMISSION NATO
USCINCEUR

C O N F I D E N T I A L SECTION 01 OF 02 PARIS 38305

FOR POLAD

E.O. 11652:GDS
TAGS: MILI, FR, LY
SUBJECT: LIBYAN SWINDLE BY FRENCH ARMS DEALERS

REF: A) STATE 312382, B) PARIS 28444

1. CURRENT PRESS EXPOSURE OF FRENCH/LIBYAN STARTRON
SWINDLE BEGAN WITH LENGTHY DETAILED ARTICLE BY
MAURICE DENUZIERS IN THE DECEMBER 25, 1976 ISSUE OF
LE MONDE. THE INTERNATIONAL HERALD TRIBUNE (DEC 27),
L'HUMANITE (DEC 29), AND PARTICULARLY FRANCE SOIR
(DEC 26-27-28-29 AND 30) ISSUES HAVE GIVEN FURTHER
DETAILS OF ALLEGED \$15 MILLION DOLLAR SWINDLE. THE
PRESS STORIES HAVE FOCUSED ON THE FOLLOWING ASPECTS
OF THE FRAUD:
(A) THE DIVERSION OF AN INITIAL 110 SMITH AND WESSON
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STARTRON SCOPES TO LIBYA IN 1975 WHICH SUBSEQUENTLY
LED TO A LARGER LIBYAN ORDER FOR AN ADDITIONAL THREE
THOUSAND UNITS. UNABLE TO DELIVER THREE THOUSAND
AUTHENTIC SCOPES, THE FRENCH ARMS DEALERS, GEORGE
STARCKMANN AND CLAUDE DUMONT OF THE FIRM REGIE MONCEAU
ET PANAMANIAN, 150, AVENUE DE WAGRAM, PARIS, FRANCE,

CONTRACTED WITH A SMALL FRENCH FIRM TO MANUFACTURE AUTHENTIC LOOKING "DUMMIES". IN MARCH 1976 THESE WERE SHIPPED TO MADRID, CLEARED AND CHECKED BY LIBYAN "INSPECTERS", WHO THEN RELEASED AN APPROXIMATE \$15,282,000 PAYMENT TO STARCKMANN AND DUMONT VIA A SWISS BANK ACCOUNT. THE DUMMY SCOPES WERE SUBSEQUENTLY RETURNED BY STARCKMANN TO PARIS WITH THE EXCUSE THAT THEY DID NOT MEET REQUIRED SPECIFICATIONS.

(B) THE INVOLVEMENT OF AN OFFICIAL OF THE LARGE FRENCH ELECTRONICS FIRM THOMSON CSF, JOSEPH ABBATUCCI, WHO ALLEGEDLY INTRODUCED LIBYAN PURCHASERS TO STARCKMANN AND DUMONT. DEC. 27 WIRE SERVICES REPORTED THAT ABBATUCCI RESIGNED FROM THOMSON CSF ON DEC. 21 DUE TO HIS HAVING BEEN PUBLICLY DRAWN INTO THE AFFAIR. THOMSON CSF DENIES ANY INVOLVEMENT IN THE EPISODE AS A COMPANY.

(C) AN ALLEGED LIBYAN ORDER FOR US DESIGNED 155MM AND 175MM CANNONS FOR WHICH THE SAME ARMS DEALER (STARCKMANN) SUPPOSEDLY COLLECTED SIXTY MILLION DOLLARS DRAWN FROM A SWISS BANK ACCOUNT.

2. OTHER ASPECTS OF THE PRESS COVERAGE DEAL WITH THE STRATEGIC ADVANTAGE WHICH THE STARTRON SCOPES PROVIDED THE ISRAELI ARMY DURING THE 1973 WAR, BACKGROUND DETAILS ON STARCKMANN AND HIS ASSOCIATES, NOTING HE IS KNOWN TO HAVE ENGAGED IN ARMS DEALS WHICH WOULD HAVE ALSO BROUGHT HIM IN CONTACT WITH VARIOUS INTELLIGENCE SERVICES (LE MONDE AND L'HUMANITE
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CITE THE FRENCH SDECE AND THE US CIA). PRESS INACCURACIES ACCORDING TO INFORMATION AVAILABLE TO PARIS EMBASSY CONCERN ALLEGED NATO-WIDE PROHIBITION (EXCEPTING FRANCE) AGAINST SHIPPING STARTRONS TO LIBYA AND ACTUAL NUMBER OF SCOPES WHICH WERE INVOLVED IN THE SHIPMENTS; WHEREAS PRESS REFERS TO 110 SCOPES, INITIAL ORDER FOR EXPORT FROM US WAS FOR 143 SCOPES FOLLOWED BY AN ORDER OF 1,500 (PER STATE 242442 NOV. 4, 1974). EMBASSY HAS NO KNOWLEDGE CONFIRMING THAT 110 SCOPES ALLEGED TO HAVE BEEN DIVERTED TO LIBYA WERE IN FACT OUT OF INITIAL ORDER FOR 143 SCOPES PROCESSED THROUGH OMC. ACCORDING TO LATEST PRESS REPORTS MICHEL CERISE, WHO SIGNED US MUNITION CONTROL LICENSE APPLICATION (FORM DSP-83) AND ALSO ACCEPTED RESTRICTION THAT SCOPES WERE NOT FOR REEXPORT FROM FRANCE WITHOUT PRIOR USG APPROVAL ALONG WITH STARCKMANN AND ABBATUCCI HAVE BEEN CITED BY GOF FOR ILLEGAL CURRENCY EXCHANGE TRANSACTIONS AND HEARING IS SET FOR

JANUARY 20. PRESS IS UNCLEAR WHETHER ULTIMATE LIBYAN
ORDER OF 3,000 WAS EVER ACTUALLY EXPORTED FROM US.

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SS-15 INR-07 PA-01 PRS-01 ACDA-07 TRSE-00 /067 W
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PRESS HAS ALSO NOT FOCUSED ON SHIPMENT OF 50 STARTRON
SCOPES ORDERED BY STARCKMANN WHICH ARE CURRENTLY
BEING HELD AT NEW YORK BONDED WAREHOUSE.

3. EMBASSY HAS RECEIVED INQUIRIES FROM CHICAGO DAILY
NEWS AND NEW YORK TIMES CORRESPONDENTS ON DETAILS OF
SWINDLE AND INDIVIDUALS INVOLVED. IN VIEW OF
SENSITIVITIES INVOLVED (E.G., PENDING LITIGATION,
QUESTIONS OF HOW DIVERSION OF SCOPES TOOK PLACE, ETC.)
AND LACK OF SPECIFIC INFORMATION ON SWINDLE EMBASSY
HAS PROVIDED ONLY GENERALITIES ON REGULATIONS
PERTAINING TO US ARMS EXPORTS. FLORA LEWIS OF
NEW YORK TIMES CLAIMS IN IHT DEC. 30 ARTICLE TO HAVE
LEARNED FROM UNNAMED SOURCE THAT BOTH FRENCH AND
LIBYAN GOVERNMENTS WERE AWARE BEFORE DELIVERY THAT
THREE THOUSAND SCOPES BEING "CLEARED" IN SPAIN WERE
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"DUMMIES". (COMMENT: IF TRUE THIS COULD PARTLY EXPLAIN STARCKMANN'S AUDACITY IN ATTEMPTING A SWINDLE THAT WOULD BE IMMEDIATELY UNCOVERED. SECONDLY, IT RAISES THE QUESTION OF WHETHER IN FACT IT WAS LIBYAN MONEY WHICH PAID FOR THE "SCOPES" OR IF LIBYA WAS ACTING ON BEHALF OF OTHER COUNTRIES.)

4. EMBASSY ANTICIPATES FURTHER PRESS INTEREST IN LIGHT OF UPCOMING FRENCH COURT HEARINGS AND GENERAL PUBLICITY ALREADY SURROUNDING EPISODE.

5. ACCORDING TO DEC 29 ISSUE OF LE MONDE STARCKMANN AND HIS ASSOCIATES HAVE DROPPED FROM SIGHT IN PORTUGAL.

6. POUCHING ABOVE MENTIONED ARTICLES PLUS DEC 29 CANARD ENCHAINE'S PERCEPTION OF RAMIFICATIONS OF STORY.

7. EMBASSY PROPOSES TO REQUEST FRENCH AUTHORITIES RESPONSIBLE FOR INVESTIGATION TO KEEP EMBASSY INFORMED OF DEVELOPMENTS RELATED TO THE STARTRON SHIPMENT.
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